

CITY OF HUNTINGTON PARK

Oversight Board Agenda Report

June 5, 2013

Honorable Chair and Members of the Oversight Board
City of Huntington Park
6550 Miles Avenue
Huntington Park, CA 90255

Dear Members of the Oversight Board for the Successor Agency to the
Community Development Commission of the City of Huntington Park:

DRAFT LONG RANGE PROPERTY MANAGEMENT PLAN

IT IS RECOMMENDED THAT THE OVERSIGHT BOARD:

Review the proposed draft of the Long Range Property Management Plan for
disposition of properties owned by the Successor Agency.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

AB X1 26, which outlines the redevelopment dissolution process, require the
Redevelopment Agency of the City of Huntington Park ("RDA") to transfer all of
its real estate assets to the Successor Agency by February of 2012 (the RDA
transferred four properties to the Successor Agency). Subsequent legislation,
AB 1484, further clarifies the dissolution process; and requires the Successor
Agency (the "Agency") to submit a Long Range Property Management Plan
("LRPM Plan") to the Oversight Board and Department of Finance ("DOF") that
outlines the proposed plan to dispose of or use of the properties formerly owned
by the RDA. This document serves as the Long Range Property Management
Plan for the Huntington Park Successor Agency.

The approved LRPM Plan will serve to determine if the properties should to be:

1. Retained for governmental use;
2. Retained for future development;
3. Retained to fulfill an enforceable obligation; or
4. Sold

Prior to approval of a final LRPM Plan and subsequent disposition of real estate
assets the successor agency must comply with several requirements under AB
1484.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The guidelines under AB 1484 outline a 5-step process for the disposition of properties:

1. Due Diligence Reviews ("DDRs")
 - a. Completed – November 12, 2012 (Housing Funds) and January 8, 2013 (Non-Housing Funds)
2. Remit all cash assets to the County-Auditor Controller and taxing entities
 - a. Completed – No cash available to remit
3. DOF issues a Finding of Completion
 - a. Completed – issued on April 12, 2013
4. Develop and Approve LRPM Plan
 - a. Successor Agency Approval – June 3, 2013
 - b. Oversight Board Approval – June 11, 2013
 - c. DOF Approval – Must be submitted to the DOF no later than October 11, 2013 (six months after Finding of Completion)
5. Dispose of real estate assets in accordance with LRPM Plan

SUMMARY OF PROPOSED LRPM PLAN

There are four properties currently owned by the Agency. They are non-contiguous parcels located in different areas of the City, with distinct physical characteristics and land uses: long-term land lease, parking lot, multi-family residential, and retail development sites. As a result, the Agency must develop a distinct disposition strategy for the sale of each property.

The Agency has obtained an appraisal for each property and engaged the services of a real estate broker services firm, Jones Lang LaSalle ("JLL"). JLL will assist the Agency in the implementation of the LRPM Plan by analyzing opportunities for the sale and development for each property, identifying potential buyer(s), and assisting in analyzing and negotiating offers. The attached LRPM Plan provides a detailed description of each property and disposition strategy as required by the DOF.

Provided below is a brief summary of each property and the recommended disposition strategy:

Heritage Plaza

The City owns the 7,400 square foot parcel of land located on Pacific Boulevard. There is a two-story brick retail/office building located on this parcel. The RDA

provided the building owner, Bolo Corporation, a 75-year lease on the land for \$100 per year, which commenced in 1988.

Size:	0.17 Acres
Zoning:	Central Business District/Residential (up to 70 du/ac)
Purchase Date:	5/3/1972
Purchase Price:	unknown
Appraisal Value:	\$ 17,000
Current Revenue:	\$100 /year (Lease Agreement with Bolo Corporation)
Current Use:	Commercial
Future Use:	Commercial
Expected Sale Price:	\$290,000 (value of land without existing lease encumbrance)

Disposition Strategy: There are 45 years remaining on the 75-year lease of the land. The present value of these payments equals \$17,000. The current lease holder will inherently value ability to purchase the lease more than any other interested party. This is because once the lease is acquired from the City, Bolo Corporation would be able to legally sell the land and building together. We expect that Bolo should be willing to pay a fee closer to the estimated market value of the land (\$290,000) - significantly more than the \$17,000 appraised value of the lease.

Therefore, staff recommends that the Oversight Board authorize the City to negotiate the sale of Heritage Plaza directly with Bolo Corporation for a pre-established amount (e.g., \$150,000+) If negotiations are not successful within a 90-120 day negotiating period, the property should be sold via an auction process.

Note: the sale of the property will have a covenant that restricts the property from being transferred or sold to the Bolo Corporation. This will prevent Bolo from circumventing the negotiation process.

Proceeds of the sale will be used to pay the arbitrage rebate liability due on the 2004A TABs.

Rugby Avenue Parking Lots

The property currently serves as a small public parking lot located behind Pacific Boulevard. The 0.49 acre asphalt parcel includes 41 surface parking spaces.

Size:	0.49 Acres
Zoning:	Central Business District/Residential (up to 70 du/ac)
Purchase Date:	6/12/1982; 12/7/1981
Purchase Price:	unknown
Appraisal Value:	\$ 630,000

Current Revenue: \$0
Current Use: 41 public surface parking spaces
Future Use: Parking lots

Disposition Strategy: The Successor Agency wishes to continue utilizing the property for public parking. The City conveyed one of the two adjacent parcels to the former Redevelopment Agency via a Grant Deed Agreement dated January 12, 1982. The Grant deed stipulates that the parcel is to revert to the City on January 1, 2082. The second parcel was conveyed to the RDA by a private party via a Grant Deed dated December 7, 1981. Due to the impact of the reversionary interest on one of the parcels, the City wishes to continue utilizing these parcels as public parking. As such, it is requested that title to this property be transferred to the City of Huntington Park.

Carmelita Site

Property is currently improved with 12 residential vacant units. The redevelopment agency entered into an Exclusive Negotiating Agreement (ENA) with a private developer to build owner-occupied residential dwelling units. The ENA expired on September 2011.

Size: 1.86 Acres
Zoning: High Density Residential (Max. units/ acre=17.424)
Purchase Date: 4/13/11
Purchase Price: \$2,400,000 Million
Appraisal Value: \$1,515,000
Current Revenue: \$0
Current Use: 12 vacant units and one vacant lot
Future Use: Commercial Development
Expected Sale Price: \$1,515,000

Disposition Strategy: Staff proposes that the property be sold through an auction/RFP process.

Proceeds of the sale must be utilized to pay bond obligations for the Neighborhood Preservation Redevelopment Project Area.

Southland Steel Site

The property is considered a Brownsfield site with soil and underground water contamination. The former redevelopment agency planned to develop the property with a commercial or automobile dealership project.

Size: 5.43 Acres
Zoning: Manufacturing Planned Development
Purchase Date: 3/22/05

Purchase Price: \$5,430,000
Appraisal Value: \$4,700,000 as manufacturing; 6,155,000 as commercial (both values assume property as "as if clean")
Current Revenue: \$7,768 /month (Alexander BMW lease)
Current Use: Vacant lot currently leased by Alexander BMW
Future Use: Commercial Development
Expected Sale Price: TBD

Disposition Strategy: The sale of this property may be more difficult given the complexity of the environmental issues involved. Staff does not propose to sell the property "as-is" to the highest bidder through an auction or RFP process, but rather the process will likely require a concentrated marketing effort to a few interested parties involving the broker and City staff.

Proceeds of the sale will be used to pay the arbitrage rebate liability due on the 2004A TABs.

A final LRPM Plan will become effective upon the occurrence of a two-step approval process:

1. Approval by the Oversight Board; and
2. Approval by the DOF

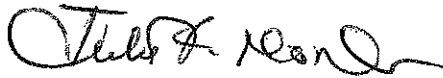
CONCLUSION

Staff recommends that the Successor Agency review proposed draft LRMP Plan.

Respectfully submitted,



RENÉ BOBADILLA, P.E.
City Manager



JULIO MORALES
Finance Director

HUNTINGTON PARK SUCCESSOR AGENCY

DRAFT REVISED LONG RANGE PROPERTY MANAGEMENT PLAN



June 3, 2013

DRAFT - LONG RANGE PROPERTY MANAGEMENT PLAN

Successor Agency to the Huntington Park Community Development Commission

INTRODUCTION

AB X1 26, which outlines the redevelopment dissolution process, requires the Redevelopment Agency of the City of Huntington Park (“RDA”) to transfer all of its real estate assets to the Successor Agency (the “Agency”) by February of 2012 (the RDA transferred four properties to the Successor Agency). Subsequent legislation, AB 1484, further clarifies the dissolution process; and requires the Successor Agency to submit a Long Range Property Management Plan (“LRPM Plan”) to the Oversight Board and Department of Finance (“DOF”) that outlines the proposed plan to dispose of or use of the properties formerly owned by the RDA. This document serves as the Long Range Property Management Plan for the Huntington Park Successor Agency.

The approved LRPM Plan will serve to determine if the properties should be:

1. Retained for governmental use;
2. Retained for future development;
3. Retained to fulfill an enforceable obligation; or
4. Sold

REQUIREMENTS FOR APPROVAL OF A LONG RANGE PROPERTY MANAGEMENT PLAN

Prior to approval of a final LRPM Plan and subsequent disposition of real estate assets, the successor agency must comply with several requirements under AB 1484.

The guidelines under AB 1484 outline a 5-step process for the disposition of properties:

1. Due Diligence Reviews (“DDR’s”)
 - Completed – November 12, 2012 (Housing Funds) and January 8, 2013 (Non-Housing Funds)
2. Remit all cash assets to the County-Auditor Controller and taxing entities
 - Completed – No cash available to remit
3. DOF issues Finding of Completion
 - Completed – issued on April 12, 2013
4. Develop and Approve LRPM Plan
 - Successor Agency Approval – scheduled for June 3, 2013

- Oversight Board Approval – scheduled for June 12, 2013
- DOF Approval – LRPM Plan must be submitted to DOF no later than October 11, 2013 (six months after Finding of Completion)

5. Dispose of real estate assets in accordance with LRPM Plan

SUMMARY OF PROPERTIES OWNED BY THE SUCCESSION AGENCY

There are four properties currently owned by the Successor Agency. They are non-contiguous parcels located in different areas of the City, with distinct physical characteristics and land uses: long-term land lease, parking lot, multi-family residential, and retail development sites. As a result, the Agency must develop a distinct disposition strategy for the sale of each property.

The Agency has obtained an appraisal for each property and engaged the services of a real estate broker services firm, Jones Lang LaSalle (“JLL”). JLL will assist the Agency, analyzing opportunities for the sale and development of each property, identifying potential buyer(s), and assisting in analyzing and negotiating offers.

Provided below is a brief summary of each property and the recommended disposition strategies:

1. **Heritage Plaza (6325 Pacific Boulevard)** – The property is a 7,405 square feet parcel of land, upon which a 3-story 13,500 square foot brick building is located. The former RDA provided the building owner, Bolo Corporation, a 75-year lease on the land for \$100 per year, which commenced in June 1, 1983.

The Successor Agency recommends the sale of the property. There are 45 years remaining on the term of the land lease; therefore, the appraised value for this property is \$17,000 – the discounted value of \$100 lease payments for 45 years, plus a terminal value. The market value for a similar-sized fee-simple parcel of land along Pacific Boulevard would likely generate a much higher value (\$290,000).

Given the 45-year term remaining on the land lease, the current building owner, Bolo Corporation, is the only party expected to pay close to the “market value” for this parcel in order to own the land and building, fee-simple. The Agency will negotiate with the building owner directly in order to sell the building for a pre-determined minimum value.

The proceeds of the sale of the land will be used to pay the arbitrage rebate liability on the 2004 Tax Allocation Bonds.

2. **Downtown Parking Lots (7116 Rugby Avenue)** – The property, which is comprised of two adjacent parcels, currently serves as a small public parking lot located behind Pacific Boulevard. The total size for both parcels is 22,500 square feet, and the public parking lot includes 41 surface parking spaces.

The Agency wishes to continue utilizing the property for public parking. The City conveyed one of the two adjacent parcels to the former Redevelopment Agency via a Grant Deed Agreement dated January 12, 1982. The Grant deed stipulates that the parcel is to revert to the City on January 1, 2082. The second parcel was conveyed to the RDA by a private party via a Grant Deed dated December 7, 1981. Due to the impact of the reversionary interest on one of the parcels, the City wishes to continue utilizing these parcels as public parking. As such, it is requested that title to this property be transferred to the City of Huntington Park.

3. **Carmelita Site (6100-6114 Carmelita Avenue, 6126 Bear Avenue, 3806-3828 61st Street)** - The 80,855 square foot property is currently improved with twelve residential single-family and multi-family residential units. Eleven out of the twelve families that resided at the units were permanently relocated. The former RDA planned to develop the property with a residential project.

The Agency recommends the sale of this property. The appraised value for the property is \$1,515,000, which assumes that the property can be developed with 37 multi-family residential units in accordance with the current zoning for the property.

The Agency will solicit various proposals from potential buyers. After an initial review, three firms will be recommended to initiate more targeted discussions. JLL will negotiate with each firm and provide the best recommended use to the Agency.

The proceeds of the sale of the land will be used to pay outstanding principal on the Neighborhood Preservation Project loan – Item #5 of the Agency's approved ROPS.

4. **Southland Steel (5959-6169 S. Alameda Street)** – The 236,690 square foot property is considered a Brownsfield site with soil, soil vapor and groundwater contamination. The property is comprised of five adjoining parcels and is subject to a California Land Reuse and Revitalization Agreement with the Department of Toxic Substances Control, which sets out a process for obtaining immunity for hazardous waste liability if remediation of the property is completed in

accordance with the process specified in the Agreement. The RDA's objective was to develop the property with a commercial/retail or an automobile dealership project.

The City is in the process of changing the zoning for the area in which this property is located to restrict the use to commercial/retail development. This process is anticipated to be completed by July 2013.

The Successor Agency recommends the sale of the property and utilize the proceeds from the sale to fulfill an enforceable obligation. The appraised value for the property is \$4,735,000 as an industrial warehouse and \$6,155,000 as a commercial/retail property. The property has identified environmental contamination; the appraisal assumes a "clean" site. On May 4, 2012, the RDA completed a soil Removal Action Workplan which anticipates soil clean-up costs to be less than \$1,500,000. The Agency has performed environmental Phase I studies, soil sampling, and preliminary groundwater investigations but has not obtained a formal cost estimate for groundwater contamination.

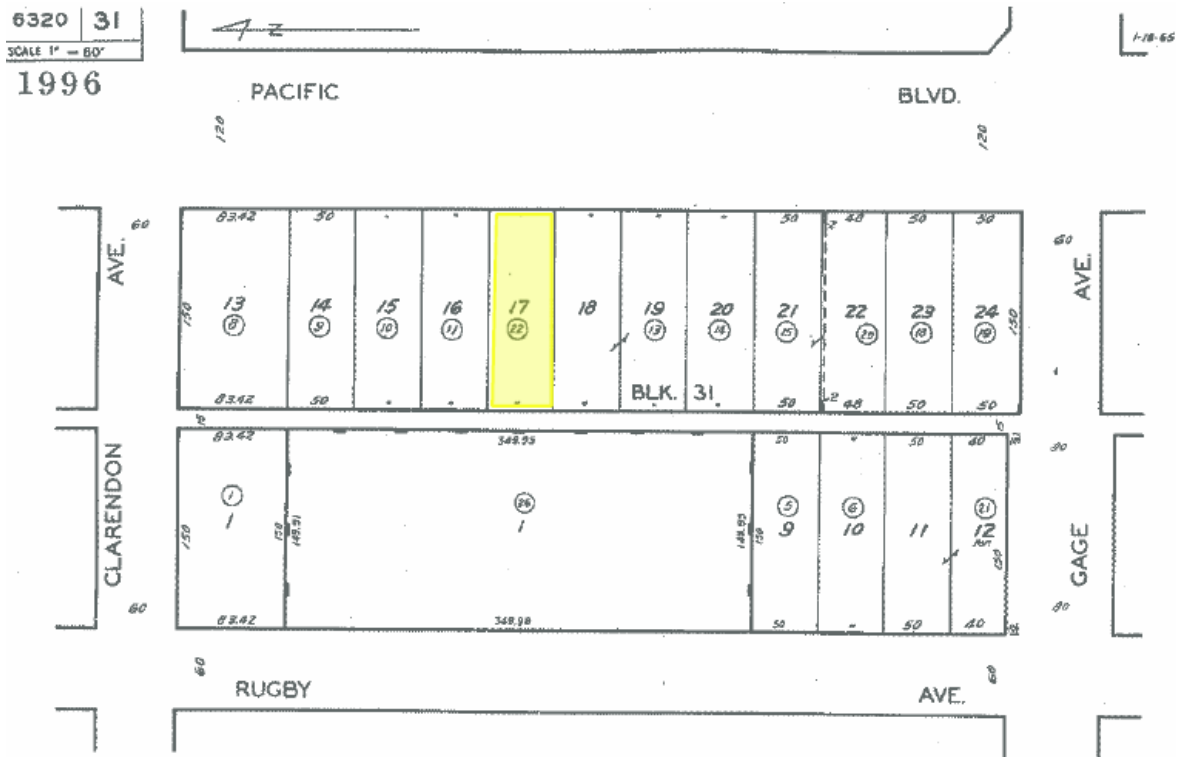
The Agency will solicit various proposals from potential buyers/developers. Given that the parcel has contamination issues, it will require an effective "subsidy and therefore is expected to be sold below the appraised value.

The City has obtained two proposals for the sale of the property: one for retail development and another one for an automobile dealership project – the future zoning use. JLL will solicit additional developer proposals. Upon the initial review with the Agency of all competitive proposals, JLL will negotiate with each firm and provide the best recommended use to the Agency.

The proceeds of the sale of the land will be used to pay the arbitrage rebate liability on the 2004 Tax Allocation Bonds.

A description and disposition strategies for of each these properties is provided in greater detail in the following sections.

Property #1 Heritage Plaza



Property #1 – Heritage Plaza

1. Date of acquisition and its value at that time and an estimated current value

The City purchased the parcel on May 3, 1972. Information regarding the value of the property at the time of acquisition is not available. Based on an appraisal report dated February 28, 2013, the estimated current value of the property is \$17,000.

2. Purpose for which property was acquired

The parcel was acquired for the development of retail/commercial and office space on Pacific Boulevard.

3. Parcel data for each property, including address, lot size and current zoning

APN: 6320-031-022

Size: 0.17 Acres

Address: 6325 Pacific Boulevard

Lot Size: 7,500 sq ft.

Zoning: Downtown Huntington Specific Plan, District B, which is a Mixed Use commercial/residential zone district. Primary uses include commercial retail, and office uses on the ground floor, with multiple family residential or office uses on upper levels. Development standards include a minimum 5,000 square feet and maximum development density of 70 dwelling units per acre.

4. Estimate of current value of parcel including any appraisal information

The current appraised value for the parcel of land was \$17,000, as of February 28, 2013. The parcel was leased to Ventra, Inc. for a 75-year period (\$100 per year), as an unimproved parcel of land.

5. Estimate of any lease, rental, or other revenues generated by the property and a description of the contractual requirements for disposition of those revenues

The City signed a 75-year lease for \$100 per year in 1983. There are 45 years remaining on the lease, which is currently held by Bolo Corporation.

Bolo Corporation is the building owner and legal entity that assumed the lease from Ventra, Inc., the original lessee.

6. History of environmental contamination or remediation efforts

There are no known environmental contamination issues.

7. Description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency

The property has potential for transit-oriented development. It is located within the City's downtown area and is close to public transit bus stations. Additionally, zoning for the property allows for high density mixed-use commercial and residential development projects.

The property is a 3-story brick building occupied by commercial and office uses. The City has already achieved its development objective with this site.

8. A brief history of previous development proposals and activities, including the rental or lease of property

The City granted a 75-year lease for \$100 per year in 1983 to Ventra, Inc., in order to provide an incentive for the developer to build on this empty parcel. The developer built a 3-story 13,476 square foot building with retail on the first floor and office use on the second floor.

9. Identify the use or disposition strategy the property

- a. Retained for governmental use
- b. Retained for future development
- c. **Retained to fulfill an enforceable obligation**
- d. Sale of the property

10. Outline your disposition strategy for this property

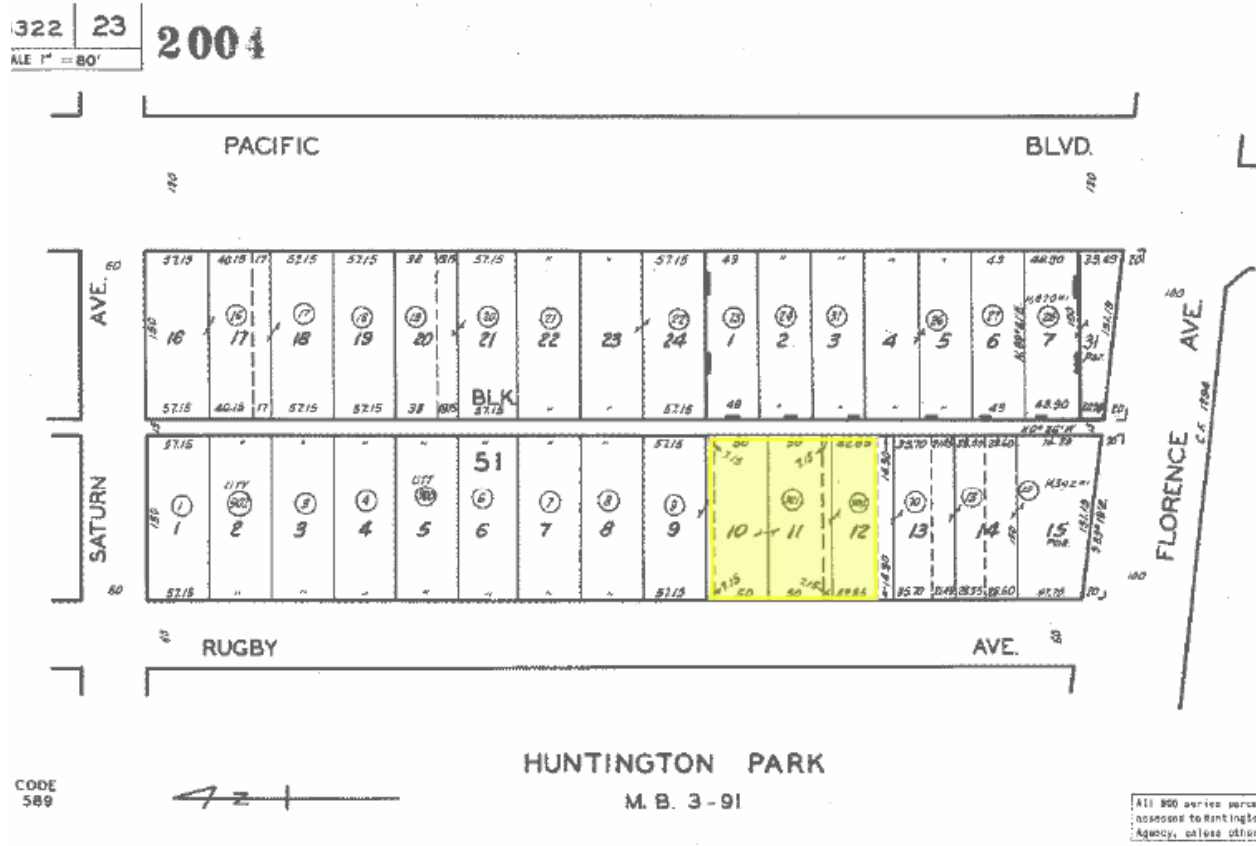
There are 45 years remaining on the term of the land lease; therefore, the appraised value of this property is \$17,000 – the discounted value of \$100 lease payments for 45 years, plus a terminal value. The market value for a similar-sized fee simple parcel of land along Pacific Boulevard would likely generate a much higher value (\$290,000).

Given the 45-year term remaining on the land lease, the current building owner, Bolo Corporation, is the only party expected to pay close to the "market value" for this parcel in order to own the land and building, fee-simple. The Agency and JLL will negotiate with the building owner directly in order to sell the building for a pre-determined minimum value. The City is prepared to pay the appraised value in the

event that Bolo Corporation does not provide a minimum purchase price of \$150,000.

The proceeds of the sale of the land will be used to pay the arbitrage rebate liability on the 2004 Tax Allocation Bonds.

Property #2 – Downtown Parking Lots



Property #2 – Downtown Parking Lots

1. Date of acquisition and its value at that time, and an estimated current value

These parking lots are located in two adjacent parcels (APN 6322-023-901 and 904). The City conveyed one of the parcels (No. 901) to the former RDA via a Grant Deed Agreement dated January 12, 1982. This Grand Deed stipulates that Parcel 901 reverts to the City on January 1, 2082. The second parcel (No. 904) was conveyed to the RDA by a private party on December 7, 1981. Information regarding the value of the properties at the time of acquisition is not available. An appraisal report completed on March 4, 2013, estimates the property value at \$630,000. It is important to note that the appraised value does not take into account the reversionary clause stipulated on the Grant Deed Agreement for Parcel No. 901. The Agency is in the process of receiving an updated appraised value for this property. The parcels are currently improved with 41 surface parking spaces.

2. Purpose for which property was acquired

The parcel was purchased for public parking uses

3. Parcel data for each property, including address, lot size and current zoning

APNs: 6322-023-901 (15,000 square feet) and 6322-023-904 (7,500 square feet)

Size: 22,500 square feet

Address: 7116 Rugby Avenue

Zoning: Downtown Huntington Specific Plan, District C, which is a Mixed Use commercial/residential zone district. Primary uses include multiple family residential, commercial retail, and office uses on the ground floor, with multiple family residential or office uses on upper levels. Development standards include a minimum 5,000 square feet and maximum development density of 70 dwelling units per acre.

4. Estimate of current value of parcel including any appraisal information

The appraised value for the property is \$ 630,000 as of March 4, 2013. The value does not take into account the reversionary clause for Parcel 6322-023-901.

5. Estimate of any lease, rental, or other revenues generated by the property and a description of the contractual requirements for disposition of those revenues

This parcel currently serves as free public parking for shoppers and merchants in the City's downtown along Pacific Boulevard. Therefore, there are no lease or rental revenues generated by the parking lots.

6. History of environmental contamination or remediation efforts

There are no known environmental conditions.

7. Description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency

The City believes that this land parcel, located within the downtown area, presents an excellent opportunity for (affordable) housing development or other higher density mixed-use projects. The property is situated in proximity to public transit station bus stops and approximately one mile from the Blue Line light rail train station, which runs from downtown Los Angeles to Long Beach. In the event the property is developed, the City will require that these public parking lots be maintained as part of any future mixed-use development projects

8. A brief history of previous development proposals and activities, including the rental or lease of property

This property was originally purchased to provide additional parking spaces for shoppers and vendors for the City's downtown.

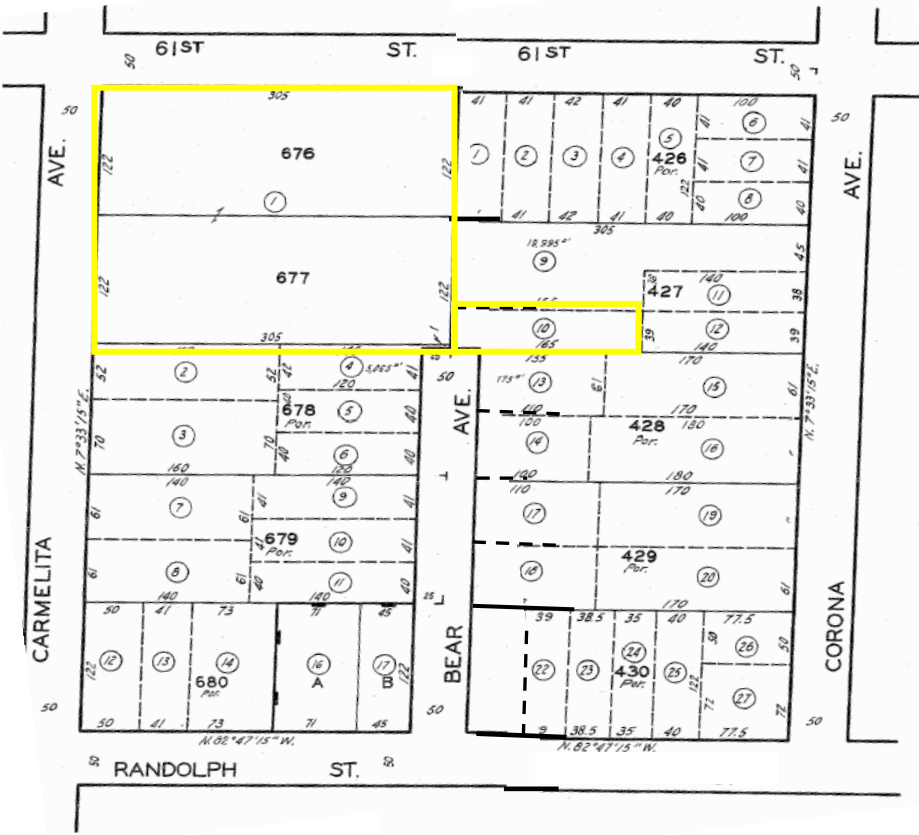
9. Identify the use or disposition strategy the property:

- a. Retained for governmental use**
- b. Retained for future development
- c. Retained to fulfill an enforceable obligation
- d. Sale of the property

10. Outline your disposition Strategy for this property

The Agency wishes to continue utilizing the property (comprised of two adjoining parcels) as its current use - public parking. The City conveyed one of the two adjacent parcels of approximately 15,000 square feet to the former RDA via a Grant Deed Agreement dated January 12, 1982. The Grant deed stipulates that this parcel is to revert to the City on January 1, 2082. The second parcel, which is approximately 7,500 square feet was conveyed to the RDA by a private party on December 7, 1981. The City wishes to continue to utilize these parcels as public parking. As such, it is requested that that title to these parcels be transferred to the City of Huntington Park. A copy of the Grand Deeds are included as attachments to this report.

Property #3 – Carmelita



Property #3 – Carmelita

1. Date of acquisition and its value at that time, and an estimated current value

The former RDA purchased the property on April 13, 2011 for \$2,420,000. The estimated current value of the property is \$1,515,000 as of February 28, 2013.

2. Purpose for which property was acquired

The property was acquired for the development of a residential project

3. Parcel data for each property, including address, lot size and current zoning

APNs: 6318-028-900 and 6318-029-900

Address: 6100-6114 Carmelita Avenue, 6126 Bear Avenue, 3806-3828 61st Street

Size: 80,855 square feet (1.9 Acres)

Zoning: Property is located within the RH zone classification which permits single-family residential and low to high density multiple family residential development. Current Development Standards include the following – a) minimum lot size of 15,000 square feet, b) minimum street frontages of 100 feet and c) maximum building height of 45 feet. The maximum allowable development density is 20 units per acre or 1 unit per 2,178 square feet. The maximum lot coverage is 65%. Additionally, the zoning allows for two parking spaces per unit, plus one guest space for every three units.

4. Estimate of current value of parcel including any appraisal information

The appraised value of the property is \$1,515,000 as of February 28, 2013

5. Estimate of any lease, rental, or other revenues generated by the property and a description of the contractual requirements for disposition of those revenues

The property is improved with twelve residential units and one large vacant/unimproved parcel. Eleven out of the twelve tenants were relocated. There are no lease or rental revenues generated by the property.

6. History of environmental contamination or remediation efforts

The property is partially developed with single and multi-family residential structures, comprising of 12 residential dwelling units. A portion of the property consists of unimproved/vacant land which was formerly developed and used as a plant nursery. The former Redevelopment Agency conducted the following environmental assessments:

- Phase I, October 19, 2009 - Identified the former nursery as a recognized environmental concern due to pesticides and herbicides used during the time that the nursery was in operation.
- Phase II, October 21, 2010 - Soil samples collected from the property found chlorinated herbicides and pesticides. The environmental assessment concluded that concentrations of these chemicals fell below the State of California Human Health Screening levels for residential properties and therefore, no further investigations were necessary.

7. Description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency

The zoning of the property permits single-family residential and low to high density multiple family residential development. The City believes that this land parcel has potential for a housing development project or other higher density multiple-family residential projects. The property is located within a residential neighborhood in proximity to public transit bus stops.

8. A brief history of previous development proposals and activities, including the rental or lease of property

In August 2008 the RDA solicited proposals from qualified residential private developers to develop a residential project on the site. On September 20, 2010,

the RDA entered into an Exclusive Negotiating Agreement with Gangi Development to negotiate the potential construction of a residential project. The Agreement with Gangi Development expired on September 20, 2011.

9. Identify the use or disposition strategy the property:

- a. Retained for governmental use
- b. Retained for future development
- c. Retained to fulfill an enforceable obligation**
- d. Sale of the property

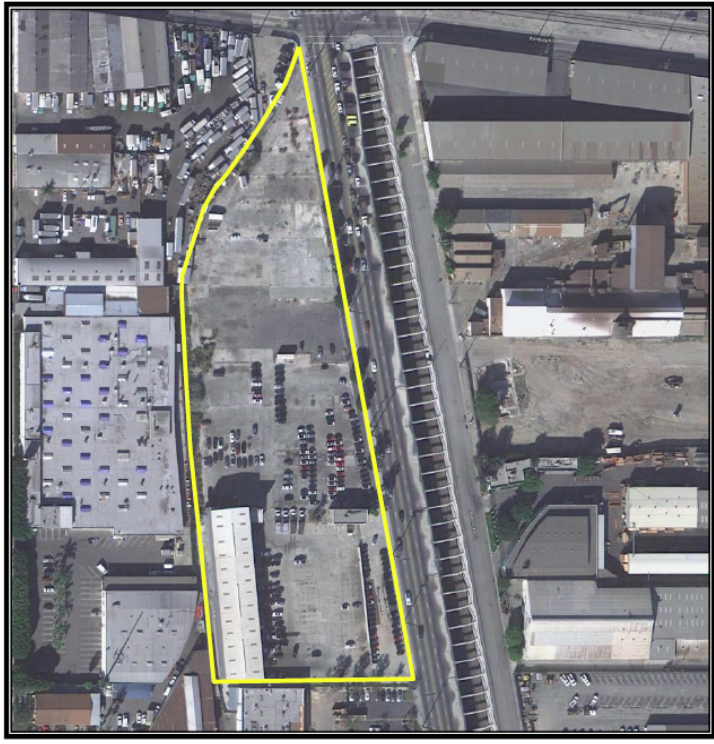
10. Outline your disposition Strategy for this property

The appraised value for the property is \$1,515,000, which assumes that the property can be developed with 37 multi-family residential units, in accordance with the current zoning for the property.

The Agency and JLL will solicit various proposals from potential buyers. After an initial review, JLL will recommend three firms to initiate more targeted discussions. JLL will negotiate with each firm and provide the best recommended use to the Agency.

The proceeds of the sale of the land will be used to pay outstanding principal on the Neighborhood Preservation Project loan – Item #5 of the Agency's approved ROPS.

Property #4 – Southland Steel



Property #4 – Southland Steel

1. Date of acquisition and its value at that time, and an estimated current value

The RDA purchased the property on March 22, 2005, for \$5,430,000. The estimated current value of the property is \$4,735,000 as an industrial warehouse (as of January 15, 2013); and \$6,155,000 as a commercial/retail property (as of March 18, 2013).

2. Purpose for which property was acquired

The property was purchased to develop a commercial/retail center or an auto dealership. The Redevelopment Agency's goal was to develop a project that would revitalize the area, stimulate economic growth, create new jobs for the community and increase the City's tax base.

3. Parcel data for each property, including address, lot size and current zoning

APN: 6009-033-900, 901, 902
6009-034-900, 901

Address: 5959-6169 South Alameda Street

Size: 236,690 square feet (5.43 Acres)

Zoning: Manufacturing Planned Development - permitted uses include industrial, manufacturing, assembly, warehouse, Business Park, storage, and other similar uses. Certain permitted commercial uses are permitted.

The City is in the process of amending the zoning to restrict the use of the property to commercial and retail development. This process is anticipated to be completed by July 2013.

4. Estimate of current value of parcel including any appraisal information

The appraised value for the property is \$4,735,000 as an industrial warehouse (as of January 15, 2013); and \$6,155,000 as a commercial/retail property (as of March 18, 2013).

5. Estimate of any lease, rental, or other revenues generated by the property and a description of the contractual requirements for disposition of those revenues

The RDA has a \$7,768 month-to-month lease agreement with Nicolas Alexander, owner of an adjacent BMW and Mini Cooper Auto dealership. Mr. Alexander leases approximately 94,000 square feet (2.15 acres) of the land for automobile storage inventory and employee parking.

6. History of environmental contamination or remediation efforts

The property is considered a Brownsfield site with soil and groundwater contamination. A history of property uses include:

- Early 1900s: Fertilizer manufacturing facility owned by American Agricultural Chemical Company
- 1947-1971: Warehouse and steel manufacturing facility owned by Rawlins and subsequently by Lufkin Foundry
- 1971-2002 : Steel manufacturing facility owned by Southland Steel Company
- 2002-2005: Leased for industrial and office uses and owned by Fallon Family Trust
- 2005- Present: Property was purchased by former RDA in 2005. A portion of the land (approximately 94,000 square feet) is being leased to an adjacent auto dealership (Alexander BMW) for auto storage inventory and employee parking. Most of the buildings occupying the property (except for an automotive storage area and an office building on the south side of the property, currently leased by Alexander BMW) were demolished in 2008.

The following Environmental Assessments have been performed at the site:

1. Phase I Assessment - Prior to the acquisition of the property, three Phase I Assessments were performed by Applied Environmental Technologies (July 2, 1999 and an update on September 10, 2001) and Assesco (October 1, 2004).
2. Soil samples were collected by All Phase in 2004
3. Soil Vapor Survey performed by All Phase in 2005
4. Removal of a 1,000-gallon underground storage tank (used for gasoline/waste oil) in 2007

5. Supplemental Site Investigations conducted by Pacific Edge in 2007, 2008 and All Phase in 2009

During the environmental investigation process, high levels of contaminants were detected in the soil, soil vapor and groundwater. A Site Characterization Report dated October 6, 2010, indicates that the contaminants of concern relate primarily to past use of the property as a steel manufacturing facility. Contaminants of concern found on the subject property include the following:

1. Soil
 - Volatile Organic Compounds (VOCs)
 - Semi-volatile Organic Compounds (SVOCs) and Polyaromatic hydrocarbons (PAHs)
 - Heavy metals
 - Polychlorinated biphenyls (PCBs)
 - Chlorinated pesticides
 - Total petroleum hydrocarbons
2. Soil Vapors
 - Volatile Organic Compounds
3. Groundwater
 - Volatile Organic Compounds
 - Heavy metals

On December 5, 2005 the Redevelopment Agency entered into a California Land Reuse and Revitalization Act (CLRRA) Agreement with the Department of Toxic Substances Control (DTSC) to facilitate the environmental assessment, clean-up and re-use of the Southland Steel site. The CLRRA Agreement allows the agency to receive immunity from environmental liability upon completion of remediation of the site.

The following documents are required to be prepared under the CLRRA Agreement:

1. Site Characterization Report (SCR) – This report serves to provide a summary of all previous environmental investigations performed at the site. The SCR was completed and approved by DTSC on July 20, 2011.

2. Removal Action Plan – The Removal Action Plan serves to provide methods to remedy contamination issues in the soil, soil vapor and groundwater in a manner that is protective of human health and the environment.

The RDA completed a Removal Action Workplan for the shallow surface soil on May 4, 2012, which was subsequently approved by DTSC on May 10, 2012. The approved Plan describes the appropriate soil removal procedures for lead, arsenic, cadmium and Polyaromatic Hydrocarbons. The projected cost for soil remediation is estimated to be less than \$1,500,000. Upon completion of soil remediation, the property may be utilized for commercial/industrial uses, provided that DTSC reviews and approves improvement plans for future users.

The Agency included the cost to implement the Soil Removal Action Work Plan as obligation number 15 in ROPS III. However, the Department of Finance denied this item as an obligation.

Note: Removal Action Plans for the soil vapor and groundwater contamination have not been completed. Further groundwater investigations may be necessary.

7. Description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency

The property is not suitable for a transit-oriented development due zoning restrictions and environmental conditions.

8. A brief history of previous development proposals and activities, including the rental or lease of property

The City received two proposals to purchase and develop the property. One proposal includes the development of commercial/retail project, and another proposal includes the expansion of an adjacent BMW and Mini Cooper dealership.

9. Identify the use or disposition strategy the property:

- a. Retained for governmental use
- b. Retained for future development
- c. **Retained to fulfill an enforceable obligation**
- d. Sale of the property

10. Outline your disposition Strategy for this property

The sale of this property may be more difficult given the complexity of the environmental issues involved. Staff does not propose to sell the property “as-is” to the highest bidder through an auction or RFP process, but rather the process will likely require a concentrated marketing effort to a few interested parties involving the Agency’s broker and City staff.

The appraised value for the property is \$4,735,000, as an industrial warehouse and \$6,155,000 as a commercial/retail property. The property has identified environmental contamination and the appraisal values assume a “clean” site. Based on the Removal Action Workplan for the soil dated May 4, 2012, the cost for soil clean-up is estimated to be less than \$1,500,000.

The City is in the process of changing the zoning for the area in which this parcel is located. This process will be completed by July 2013.

JLL will solicit various proposals from potential buyers/developers. Given that the parcel is not located in a traditional retail location, it will require an effective “subsidy” and is expected to be sold below the appraised value.

The City has obtained two proposals for the sale of the property one for retail development and another for an auto dealership. JLL will solicit additional developer proposals. Upon the initial review with the Agency of all competitive proposals, JLL will negotiate with each firm and provide the recommended best use to the Agency.

The proceeds of the sale of the land will be used to pay the arbitrage rebate liability on the 2004 Tax Allocation Bonds.

City of Huntington Park Successor Agency - Property Description

1	Property Name	Heritage Plaza	Rugby Avenue Parking Lots	Southland Steel	Carmelita Site
2	Property Type	Commercial	Parking Lot - 41 spaces	Vacant lot/land	Residential and vacant land
3	Permitted Use	Commercial/Residential	Commercial/Residential	Manufacturing	Residential
4	Acquisition Date	5/3/1972	6/12/1982	3/22/2005	4/13/2011
5	Value at Time of Purchase	Not available	Not Available	\$5,430,000	\$2,420,000
6	Estimated Current Value	\$17,000	\$630,000	\$4,700,000 Manufacturing \$6,155,000 Commercial ("as if clean")	\$1,515,000
7	Value Basis	Appraised	Appraised	Appraised	Appraised
8	Date of Estimated Current Value	2/28/2013	3/4/2013	1/11/2013	2/28/2013
9	Proposed Sale Value	TBD	\$630,000	TBD	\$2,420,000
10	Proposed Sale Date	To be determined	To be determined	To be determined	To be determined
11	Acquisiton Purpose	Commercial	Public parking lots	Auto dealership and/or commercial development	Residential development
12	Address	6325 Pacific Blvd	7116 Rugby Avenue	5959-6169 S. Alameda St.	6126 Bear Avenue 6100-6114 Carmelita Ave 3806-3828 61st Street
13	APN #	6320-031-022	6322-023-901 6322-023-904	6009-033-900 6009-033-901 6009-034-900 6009-034-901 6009-033-902	6318-028-900 6318-029-900
14	Lot Size	7,500 sq ft/0.17 ac	22,500 sq. ft/0.51	236,690 sq ft/5.43 ac	80,855 sq. ft/1.86 ac
15	Current Zoning	Central Business District/ Residential	Central Business District/ Residential	Manufacturing Planned Development	High Density Residential Max units 17.424 du/ac
16	Estimate of Income/Revenue	\$100/year	\$0	\$7,768/month	\$0

REVISED
12-9-57
1-4-61
690429
720228
77072504
77072503
820405508
820610501
840123606-04
880205050501
880801
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SCALE 1" = 80'

BLVD.

021

02

AVE. 09

SATURN

RUGBY

AVE.

HUNTINGTON PARK

M. B. 3-91

TRACT NO. 459

M. B. 15-31

CODE 585

FOR PREV. ASSMT. SEE: 1987-23

ASSESSOR'S MAP
COUNTY OF LOS ANGELES, CALIF.

All 900 series parcels on this page are reassessed to Huntington Park Redevelopment Agency, unless otherwise noted.

RECORDING REQUESTED BY

FIRST NATIONAL TITLE CO.

82

32552

AND WHEN RECORDED MAIL TO

Huntington Park Redevelopment Agency
6550 Miles Avenue
Huntington Park, Ca. 90255
Attention: James G. Funk
Executive Director

RECORDED IN OFFICIAL RECORDS
OF LOS ANGELES COUNTY, CA

JAN 12 1982 AT 8 A.M.

Recorder's Office

FREE B

MAIL TAX STATEMENTS TO

NO TAX STATEMENT

FREE RECORDING REQUESTED: Essential to acquisition
by Huntington Park Redevelopment Agency
See Government Code Section 6103.

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Corporation Grant Deed

TO 1921 CA 112 741

THIS FORM FURNISHED BY TICOR TITLE INSURERS

A.P.N. 6322-023-901

The undersigned grantor(s) declare(s):

Documentary transfer tax is \$ None

() computed on full value of property conveyed, or

() computed on full value less value of liens and encumbrances remaining at time of sale.

() Unincorporated area: (X) City of Huntington Park, and

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged.

CITY OF HUNTINGTON PARK
municipal

a corporation organized under the laws of the State of California

hereby GRANTS to

HUNTINGTON PARK REDEVELOPMENT AGENCY, A public body corporate and politic,

the following described real property in the City of Huntington Park
County of Los Angeles, State of California:

The South 50 feet of Lot 10 and the North 50 feet of Lot 11,
Block 51, of Huntington Park Tract, as per map recorded in
Book 3, Page 91 of Maps, in the office of the County Recorder
of said County.

This deed is made upon the express condition that the above-
described real property, and all improvements thereon, shall
revert to the City of Huntington Park, a municipal corporation,
on January 1, 2082, and the signature of the Grantee is affixed
hereto to acknowledge its consent and agreement to said right of
reversion of said City, as Grantor.

In Witness Whereof, said corporation has caused its corporate name and seal to be affixed hereto and this instru-
ment to be executed by its Mayor President and City Clerk Secretary
thereunto duly authorized.

Dated: January 4 1981

STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

On January 4 1981, before me, the under-
signed, a Notary Public in and for said State, personally appeared
Herbert A. Hennes, Jr., known

to me to be the Mayor, known to me to be
Marilyn A. Boyette, known to me to be

City Clerk Secretary of the Corporation that executed the
within instrument, known to me to be the persons who executed the
within instrument on behalf of the Corporation, and acknowledged to me that such Corporation executed the within instru-
ment pursuant to a resolution of its Board of Directors.
City Council

WITNESS my hand and official seal.

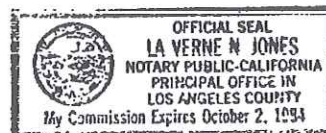
Signature LaVerne N. Jones
LAVERNE N JONES

CITY OF HUNTINGTON PARK

By Herbert A. Hennes, Jr. Mayor
By Marilyn A. Boyette City Clerk

HUNTINGTON PARK REDEVELOPMENT AGENCY

By



(This area for official notarial seal)

Title Order No. 22901-2

Escrow or Loan No.

MAIL TAX STATEMENTS AS DIRECTED ABOVE

6322-23-501

CERTIFICATE OF ACCEPTANCE

THIS IS TO CERTIFY THAT THE INTEREST IN REAL PROPERTY CONVEYED
BY THE DEED OR GRANT DATED January 4, 1982
FROM: CITY OF HUNTINGTON PARK, a municipal corporation

TO THE CITY OF HUNTINGTON PARK REDEVELOPMENT AGENCY, IS HEREIN
ACCEPTED BY ORDER OF THE REDEVELOPMENT AGENCY ON January 4, 1982
AND THE GRANTEE CONSENTS TO RECORDATION THEREOF BY ITS DULY
AUTHORIZED OFFICERS.

DATED: January 4, 1982

BY:

James G. Funk
Executive Director of the
Huntington Park Redevelopment
Agency

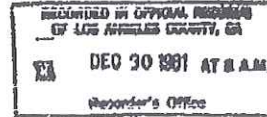
82- 32852

6322-023-904

ORIGINAL

Record No. 6322-23-11
A.P. No. 6322-23-11
Project: CBD
Title Order: 22508 First National Title

81-1274389
81-1274389



RECORDING REQUESTED BY:

When RECORDED MAIL TO:

HUNTINGTON PARK REDEVELOPMENT AGENCY
6550 Miles Avenue
Huntington Park, CA 90255

FREE RECORDING REQUESTED - Pertaining
to acquisition by Huntington Park
Redevelopment Agency - Gov't Code 6103

GRANT DEED

DOCUMENTARY STAMPS: NONE

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

MANUEL C. MARTINEZ and CONCHA MARTINEZ

FREE T

hereby grant to the HUNTINGTON PARK REDEVELOPMENT AGENCY, a public body, corporate and politic, the following described real property in the City of Huntington Park, County of Los Angeles, State of California:

Lot 12 and the South 7.15 of Lot 11, in Block 51 of the Huntington Park Tract, as per map recorded in Book 3, page 91 of Maps, in the office of the County Recorder of said County;

EXCEPTING THEREFROM the South 14.30 feet of said Lot 12.

ALSO EXCEPTING and reserving to the Grantor herein, his heirs and assigns, all oil, oil rights, natural gas, natural gas rights, and other hydrocarbons, by whatever name known, and all other minerals and mineral rights, whether or not similar to those herein mentioned, below a depth of five hundred (500) feet; provided that Grantor shall not have the right of surface entry to drill, mine, explore or otherwise operate upon, in or through the land herein conveyed in the exercise of the heretofore excepted and reserved rights.

It is understood and agreed that the property conveyed by the Grant Deed includes all fixtures and equipment which are, either generally or for purposes of acquisition by Grantee, a part of the real property described above, specifically including but limited to the list of improvements pertaining to the Realty (fixtures and equipment) attached hereto as Exhibit "A" and incorporated herein as a part of this Grant Deed.

Grantor, for himself, his heirs, representatives and assigns, covenants and warrants that: (1) Grantor is the sole owner of the itemized improvements pertaining to the Realty conveyed by this Grant Deed free from all liens and encumbrances, and (2) Grantor will defend the title and quiet enjoyment of the real property described above, including improvements pertaining to the Realty, against all demands and claims of all persons.

Dated: December 7, 1981

Manuel C. Martinez
Concha Martinez

6322-23-11

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

2

On December 7, 1981, before me, the undersigned, a Notary Public in and for said State, personally appeared MANUEL G. MARTINEZ and CONCHA MARTINEZ, known to me to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same.

Witness my hand and official seal.

Signature: H. E. Nickerson

H. E. Nickerson



OWNERS: Manuel G. Martinez and Concha Martinez
ADDRESS: 7116 Remy Avenue, Huntington Park, CA

CERTIFICATE OF ACCEPTANCE

THIS IS TO CERTIFY THAT THE INTEREST IN REAL PROPERTY CONVEYED BY THE DEED OR GRANT DATED DECEMBER 7, 1981 FROM MANUEL G. MARTINEZ AND CONCHA MARTINEZ TO THE HUNTINGTON PARK REDEVELOPMENT AGENCY, IS HEREBY ACCEPTED BY ORDER OF THE REDEVELOPMENT AGENCY ON DECEMBER 7, 1981, AND THE GRANTEE CONSENTS TO THE RECORDATION THEREOF BY ITS DULY AUTHORIZED OFFICERS

DATED December 7, 1981

BY: James G. Funk
Executive Director of the
Huntington Park Redevelopment
Agency

81-1274389

OWNERS: Manuel G. Martinez and Concha Martinez
ADDRESS: 7116 Rugby Avenue, Huntington Park, California

IMPROVEMENTS PERTAINING TO THE REALTY

Loc 7,500 square feet of asphalt paving

24 Concrete parking bumpers

EXHIBIT "A"

81- 1274389